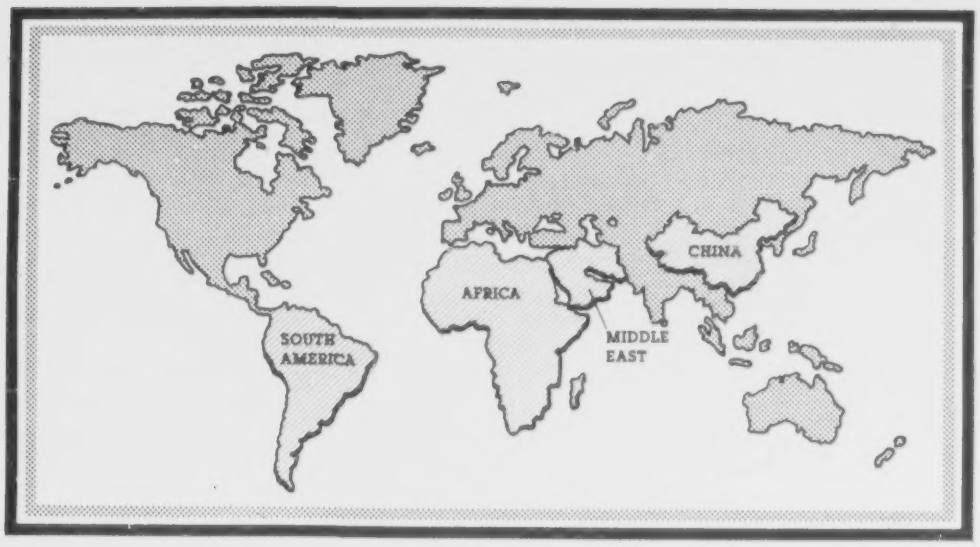


Detroit eyes Third World

Potential market is huge, but so are problems

There is no doubt that Detroit's important international operations will continue to grow in the 1980s, but whether the overseas expansionism will find viable markets in the Third World is less certain.

There are several reasons why forays into less developed countries (LDCs) in South America, Africa, the Middle East and Asia might not be successful.

First, the economies in most South American countries, where to some extent the auto makers have already established beachheads, are in dissarray, due to the increasing cost of petroleum and political instability in some cases.

In fact, most LDCs outside the Middle East are facing similar economic problems. Continental Bank reports that total external public debt of the LDCs (including southern European countries except Italy and excluding Saudi Arabia and Kuwait) is about $495 billion and the debt service (yearly payment of principle plus interest) is about 14 percent of LDC exports.

This means reduced trade income, a balance of trade problems, higher inflation and less real disposable income.

Another reason is competition. Where there are viable markets, there will be competition, particularly from the Japanese makers, who have been export-minded for decades and have products more closely resembling those needed in the Third World.

Also, many countries are developing industrial policies which require foreign companies assume only a minority interest in a business or at least require there be a national partner.

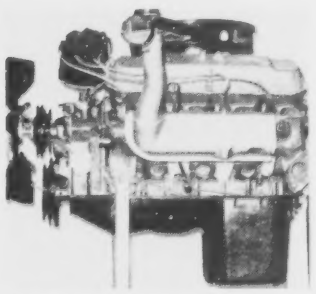
An example of a Third World company which has had an unfavorable situation lately is General Motors Iran Ltd., in which GM has a 45 percent equity position. GM had no U. S. nationals there when the Iran crisis began, but it also had no control over the plant.

There is also competition from economic substitutions, like bicycles and Mopeds, which have found great acceptance in the teeming urban areas of Asia.

Although the Peoples Republic of China, a potentially large Third World market, has indicated a willingness to talk to U. S. manufacturers, there is still a question about whether U. S. manufacturers will be willing to do business on Chinese terms, which are likely to include plant ownership and control, purchase of technology and barter payment terms.

China also has a fairly standard Third World problem in its ancient and inadequate roads.

Although there are several problems likely to hamper demand, and a few likely to restrict Detroit's willingness and ability to supply vehicles to the LDCs, Ford and GM are still looking at those countries, because the price tags for their world cars require high volumes to lower unit costs.



Plastic oil pan

Some 1980 Cadillacs are fitted with an oil pan made of a glass and mineral-filled nylon from Allied Fibers & Plastics Co. In metal, the deep-sump pan is 50 percent heavier and is made of two pieces.

Automotive parts Market Growth

Average annual Growth Rate (In real terms)

	1980-85	1985-90
World		
OEM Parts	3.5%	4.5%
Replacement Parts	7.0	9.0
Domestic		
OEM Parts	3.0	3.0
Replacement Parts	5.0	5.0

Outlook for Business and Market Conditions

	1985		1990		
Relative Stability	Management-Suppliers Panel	Marketing-Manufacturers Panel	Marketing-Suppliers Panel	Management-Suppliers Panel	Marketing-Manufacturers Panel	Marketing-Suppliers Panel
Much Less	11%	8%	0%	4%	0%	0%
Somewhat Less	57	8	47	33	8	18
Same	15	33	32	15	0	32
Somewhat More	17	43	18	44	59	47
Much More	0	8	3	4	33	3

Directions of future Government Regulations

Percent of Panelists

	1980-85		1985-90	
Condition	Marketing-Manufacturers Panel	Marketing-Suppliers Panel	Marketing-Manufacturers Panel	Marketing-Suppliers Panel
Tightening	25%	41%	17%	22%
Tempering	42	34	66	66
No Change	33	25	17	12
	100%	100%	100%	100%

Changes in Government Regulations during 1980s

Percent of Panelists Forecasting:

Elements	Easing	Tightening	No Change
Fuel Economy	0%	86%	14%
Safety	5	52	43
Diesel Emissions	57	33	10
Gasoline Engine Emissions	25	5	70

Detroit outlook optimistic

Wide-ranging change will highlight the '80s

By Edward Lapham
Financial Editor

DETROIT. — Japanese car makers will be assembling 300,000 cars a year in U. S. plants by 1985 and double that to 600,000 by 1990, according to a survey of OEM and supplier executives.

The survey, conducted by Big 8 accounting firm Arthur Andersen & Co. with the assistance of the University of Michigan, found that executives from Detroit and its suppliers had a generally optimistic outlook for the 1980s.

"Automotive executives expect radical changes in the industry during the next decade," said Peter Van Hull, Arthur Andersen partner in charge of the project.

"Results of the survey indicate that by 1990 about 75 percent of all cars will have onboard, computerized, diagnostic instrumentation, steel usage will fall by about one-third, plastic usage will increase 70 percent and scheduled maintenance intervals will increase to 15,000 miles," said David Cole, director of the Office for the Study of Automotive Transportation at U. of M.

Van Hull and Cole were two of the study designers.

Van Hull said Arthur Andersen undertook the study because many of its clients are automotive suppliers and can benefit from the work. "Short-term planning within the industry has been adequate, but we found that long-term planning clearly is not sufficient.

"There is a wide gap between the views of suppliers and manufacturers. Even within companies, management, marketing and technological experts often don't agree."

Arthur Andersen and U of M officials used the Delphi process to survey chief executive officers, other senior management, engineering and technical experts plus senior marketing executives in six major areas.

In the area of investments, the surveyed executives said they expect much of the expenditures to go toward improving productivity and reducing costs, followed closely by plant expansion.

Capital equipment and facilities spending by auto manufacturers during 1986-91 will reach a total of $75 billion, according to the study.

Suppliers said they will be continuing to diversify into non-automotive markets in the 1980s and 35 percent of 1980-1985 investments will be in non-automotive areas, increasing to 40 percent in the second half of the decade.

In the area of government regulations, "virtually all participants" predicted that hydrocarbon, carbon monoxide, and oxides of nitrogen emissions standards will not be tightened by 1985. However, they did expect the corporate average fuel economy standards to rise to 30 MPG by 1990.

In the area of the labor market, the panelists said they expect the standard work week for the auto industry to hold at 40 hours until 1985, drop to 36 hours by 1990 and drop further to 32 hours by 1995.

They expect skilled tradesmen to earn at a rate of 125 percent higher than their current average wage—$25 an hour in 1990 compared with $12 an hour in 1980—increasing the disparity between them and assemblers who are expected to double their hourly rate to $18.

In the area of strategic planning, the Arthur Andersen study found suppliers and auto makers ready to devote more attention in order to "expand shares of both new and existing markets."

The study went into a lot of detail in the area of technology, where panelists predicted that by 1985 half of all U. S. built cars will have front-wheel-drive and four-cylinder, transversely-mounted engines. That configuration is expected to jump to 65 percent by 1990.

Diesel powered cars will account for 15 percent of U. S. output in 1985 and 25 percent in 1990, while electric cars will account for about 5 percent of the total by 1990, panelists said.

The participants were generally optimistic about the overall market outlook, although there were some differences of opinion between the auto makers and their suppliers.

In general, the auto manufacturers saw the 1980s as "a more stable time" than the supplier, who said they expect unstable conditions to continue until the mid-1980s and improve in the latter half of the decade.

Original equipment auto parts sales were forecast to grow at a faster rate than auto sales, due to some increased penetration abroad, registering an average annual growth rate of 3 percent. Auto sales were forecast at a 2 percent average annual growth rate through 1990, yielding 11 to 12 million units in 1985 and 12.5 to 13 million units in 1990.

Richard Measelle, partner in charge of Arthur Andersen's Detroit office said he expects "middle-line suppliers" to benefit most from this study. "The large companies can afford to do their own studies," he said. "This will benefit those who do not have the resources to conduct their own."

The Delphi procedures, developed by the Rand Corp., involved polling anonymous participants, tabulating results, using selective feedback and then selectively re-polling.

In general, the technology panel was more conservative than the marketing panel and the supplier participants were more conservative than the auto making participants, Van Hull said.

Future of front-engine, front-drive cars

Percent of U.S. Market

Year	Technology Panel	Marketing-Manufacturers Panel
1985	50%	55%
1990	70	78

factories list auction dates

American Motors

Jan. 8—Aptco Auto Auction, 20911 Gladwin, Taylor, Mich.; Ohio Auto Auction, Grove City, O.

Jan. 9 — Dallas Auto Auction, Grand Prairie, Tex.

Jan. 10 — Todd Auto Auction, Rte. 309, Telford, Pa.; 166 Auto Auction, 2944 W. Sunshine, Springfield, Mo.

Jan. 11—Floyd Hauhe Auto Auction, 12000 St. Charles Rock Rd., Bridgeton, Mo.

Ford Motor Co.

Jan. 8—Aptco Auto Auction, 20911 Gladwin, Taylor, Mich.

Jan. 9—Clanton's Auto Auction, Hwy. 34 W., Darlington, S. C.; Concord Auto Auction, Hosmer St., Acton, Mass.; Harrisonburg Auto Auction, I-81, Exit 52, Harrisonburg, Va.; Salt Lake Auto Auction, 460 Orange St., Salt Lake City.

Jan. 10 — 166 Auto Auction, 2955 W. Sunshine, Springfield, Mo.

Jan. 9—St. Pete Auto Auction, 14950 Roosevelt Blvd., Clearwater, Fla.

Jan. 10—Auto City, 440 McClellan Hwy., East Boston, Mass.; Barberton Recon Center, 5075 Wooster Rd. W., Barberton, O.; Big H Recon Center, 918 Asbury, Houston.

Jan. 11 — Chrysler Corp. Detroit Marshaling Center, 6501 Lynch Rd., Detroit; Meyer & Co., 6464 Downing St., Denver.

Chrysler Corp.

Jan. 7 — Southeastern Recon, 1027 Pearl St., Darlington, S. C.

Jan. 8 — Hatfield Recon Center, Rte. 309, Hatfield, Pa.; D-A Auto Auction, Waltz Mill Rd., New Stanton, Pa.; Arena Auto Auction, 10355 S. Woodlawn, Chicago; South Seattle Auto Auction, 19443 76th Ave. S., Kent, Wash.; Chrysler Leasing Corp. Used Vehicle Marshaling and Auction Center, 3500 W. MacArthur Blvd., Santa Ana, Calif.

Model breakdown
Auction averages

	December	November	October
1979	$5,608	$5,566	$5,702
1978	3,741	4,028	4,484
1977	3,043	3,179	3,639
1976	2,297	2,433	2,592
1975	1,828	1,870	1,727
1974	1,409	1,450	1,431
1973	1,120	1,106	1,147
1972	975	976	971
Overall Average	$3,262	$3,293	$3,266

Used car sales
Auction averages

December	$3,262
Month ago	$3,203
Year ago	$3,271

used-car auction directory

Display Rates: $48.00 per column inch (minimum space, 1 inch on 1 column.) Listing Rates: (maximum: Four lines of type - 1 time, $12; 13-times, $10.50; 26-times, $9.00; 52-times, $8.00. For Frequency Display Rates Contact Want Ad Dept., Automotive News, 965 E. Jefferson, Detroit 48207. Phone (313) 567-9520. Closing: 10 days in advance.

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1979 total was 8,410,666 cars

Auto production lowest in 4 years

By Marjorie Sorge
Staff Writer

U. S. auto production for 1979 was the lowest since the 1975 recession year, and December was the lowest for that month since 1974.

Output for the year was 8,410,666, a decline of 7.77 percent from the 9,119,548 built in 1978. The total production in 1975 was 6,740,584.

Breakdown by company for the year was: General Motors, 61.05 percent; Ford, 23.86 percent; Chrysler, 10.78 percent; American Motors, 2.20 percent; Volkswagen of America, 2.06 percent, and Checker, 0.05 percent.

In December the makers built 458,029 units, down 28.13 percent from the 637,336 completed in December, 1978. In 1974, the makers completed 356,589 units in December.

During the fourth quarter the auto industry built 1,883,268 units, down 22.03 percent from the 2,415,441 assembled during the fourth quarter of 1978. It is the lowest figure for that quarter since the 1,815,054 assembled in 1974.

Planned output last week was 92,060, down 20.01 percent from the 115,094 built the week ended Dec. 22, 1979, and 40.63 percent below the 155,070 built in the equivalent 1979 week. There were three days of production this year in the first week of the new year while there were four in 1980.

There were five plants down last week. Chrysler Newark and St. Louis were closed for retooling to add Volare and Aspen capacity. General Motors closed Fremont and Lordstown last week to balance inventories. Ford closed Wixom for the same reason.

Chrysler permanently closed its Hamtramck assembly plant last Friday (Jan. 4). The point

Chrysler's Newark plant reopens Jan. 14 and St. Louis rebuilt Volare and Aspen.
sumes operations Jan. 21.

The Ford Wixom plant reopens Jan. 14.

Down this week are 15 plants: GM Janesville and Fremont; Chrysler Newark and St. Louis, and Ford Atlanta, Chicago, Lorain, Los Angeles, Mahwah, Metuchen, St. Louis and Wayne (all for two weeks) and Wixom, San Jose and Lorain (for one week).

All plants were down for inventory adjustment except Chrysler Newark and St. Louis, closed for retooling, and GM Fremont, down to change the paint system to meet the California air requirements

Two plants were slated for Saturday work: GM Tarrytown and Oklahoma City .

'79 truck output lowest since '75 at 2.7 million

U. S. truck production in 1979 was the lowest since 1975, and the December total was the lowest for the month since 1970.

During 1979, the truck makers built 2,754,235 units, down 27.45 percent from the 3,796,099, completed in 1978. In 1975 the industry assembled 2,250,507 units.

For December, the truck makers built 153,255 units, down 44.52 percent from the 276,248 completed in the same month in 1978. In December, 1970, the makers built 143,627 units.

Planned truck production during last week's holiday-shortened period was 28,718, down 42.71 percent from the 50,127 completed the week ended Dec. 22, 1979 and down 58.43 percent from the 69,090 assembled the week ended Jan. 6, 1978.

Two General Motors truck plants, Fremont and Janesville, were down last week to balance inventories. The Baltimore point was down Wednesday (Jan. 2).

Six plants will be closed this week to cut inventories: Chrysler Missouri and Warren, and Ford Kansas City, Missouri, Lorain and the adjoining Avon Lake.

International Harvester is still down because of a contract strike.

No overtime was scheduled last week.

Canadian output of cars, trucks drops for year

Canadian auto production for 1979 was the lowest since 1970, and the December total was the worst since 1964.

The truck makers, faring better, had their lowest year since 1977, and the December total was far below the 1978 figure.

The total output for Canadian cars in 1979 was 987,753, down 12.67 percent from the 1,131,050 built in 1978. In 1970, the auto makers produced 923,538 units.

The December total was 59,902, down 29.84 percent from the 85,377 completed in December, 1978. In December, 1964, the makers built 41,061 cars.

The truck makers assembled 647,297 vehicles during 1979, down 4.20 percent from the 675,687 built in 1978. In 1977, the industry completed 602,458 units.

The December truck total was 41,191, down 19.28 percent from the 51,029 built in December, 1978.

For the first week of 1980, shortened by the holidays, the Canadian auto makers assembled 12,239 units, down 32.19 percent from the 18,320 units completed the week ended Dec. 22, 1979. The figure is down 39.38 percent from the 20,189 built in the equivalent 1979 week.

The truck makers planned 7,224 units last week, down 37.16 percent from the 11,495 built the week ended Dec. 22, 1979, and down 39.90 percent from the 12,020 assembled the week ended Jan. 6, 1979.

Chrysler and American Motors were down the week ended Dec. 22 for inventory adjustment. Chrysler reopened its Windsor car assembly plant today (Jan. 7) and AMC resumed operations at its Brampton Jeep point. However, Chrysler's Pillette Rd. truck plant will remain closed until Jan. 28.

U. S. CAR PRODUCTION

	Week Ended Jan. 5, 1980	Same Week, 1979	Week Ended Dec. 22, 1979	Dec. Total	1978 Total	1979 Total
AMERICAN MOTORS	1,940*	3,616	4,125*	14,627	164,351	184,636
Gremlin	.....	.....	.....	.....	.....	.....
Eagle	.....	.....	.....	5,006	.....	.....
Concord	.....	2,136	.....	5,647	106,703	.....
'78 AMX	.....	200	.....	.....	2,725	.....
Pacer	.....	320	.....	52	15,386	.....
Matador	.....	.....	.....	.....	4,803	.....
Spirit	.....	960	.....	3,922	34,734	.....
CHRYSLER CORP.	5,990	20,218	10,155	49,227	1,082,274	906,675
Plymouth Total	2,840	7,367	4,724	20,847	437,441	368,076
Horizon	1,960	3,272	3,246	10,886	162,011	169,965
Volare	680	4,025	1,125	8,417	221,761	183,486
Fury	.....	.....	.....	.....	49,176	.....
'80 Gran Fury	200	.....	353	1,115	.....	5,412
Caravelle	.....	70	.....	429	.....	9,213
Chrysler Total	490	4,870	859	7,932	236,504	181,426
Chrysler	490	1,880	859	2,680	85,596	77,748
LeBaron	.....	2,990	.....	5,252	150,908	103,678
Dodge Total	2,660	7,981	4,572	20,448	408,327	357,173
Omni	1,650	2,628	2,874	9,018	126,225	148,108
St. Regis	250	1,284	430	1,095	15,453	25,845
Diplomat	.....	1,294	.....	2,780	75,755	50,610
Aspen	760	2,775	1,268	7,555	162,650	132,610
Monaco	.....	.....	.....	.....	28,246	.....
FORD MOTOR	24,768	46,895	21,730	75,674	2,511,888	2,006,837
Ford Division	17,847	29,863	13,505	52,853	1,698,136	1,345,427
Pinto	1,761	2,414	3,444	6,940	185,091	172,619
Mustang II/Mustang	3,255	7,180	.....	10,032	240,162	365,357
Fairmont	3,999	3,657	6,599	16,073	286,046	213,761
Granada	2,064	3,378	.....	3,182	246,407	139,402
LTD II	.....	870	.....	.....	134,608	22,667
Thunderbird	3,696	4,780	3,462	9,494	326,873	264,451
Ford	3,072	7,584	.....	5,137	278,949	167,170
L-M Division	6,921	17,032	8,225	24,816	813,752	661,410
Mercury Total	6,786	13,123	4,907	17,918	624,229	509,450
Bobcat	639	590	544	1,108	38,601	43,374
Capri	1,305	1,613	.....	3,224	37,143	107,094
Zephyr	1,185	1,254	1,783	4,599	88,254	62,837
Monarch	581	1,840	.....	1,375	89,974	59,810
Cougar/XR7	1,440	4,049	.....	2,447	218,108	135,398
Mercury	1,536	3,777	2,580	5,165	152,149	100,937
Lincoln Total	135	3,909	3,318	6,898	189,523	151,960
Lincoln	.....	1,858	1,101	2,129	98,119	71,783
Versailles	135	*531	.....	243	15,559	11,864
Mark VI	.....	1,520	2,217	4,526	75,845	68,313
GENERAL MOTORS	56,637	82,182	73,904	303,211	5,316,616	5,134,560
Buick Division	9,169	12,493	17,166	55,287	810,324	787,123
Skyhawk	.....	272	.....	435	24,980	24,715
Skylark/'79-'80	3,102	.....	4,110	12,987	107,276	121,599
Century	1,335	845	3,404	9,979	77,205	73,188
Regal	1,535	4,517	4,400	13,437	275,007	257,372
Buick	2,422	5,796	4,081	14,480	300,677	252,220
Riviera	775	1,063	1,171	3,969	25,179	58,029
Cadillac Division	4,223	7,024	7,212	22,478	350,761	345,831
Seville	708	1,017	1,174	3,929	59,794	48,308
Cadillac	2,552	4,580	4,650	13,930	244,355	230,958
Eldorado	747	1,427	1,388	4,619	46,612	66,565
Chevrolet Division	24,465	35,425	37,027	135,623	2,364,685	2,261,757
Chevette	5,235	4,750	9,062	26,929	301,615	413,627
Monza	1,860	2,608	3,246	8,992	166,948	157,974
Camaro	1,145	5,500	2,827	13,104	281,754	257,873
Nova/Citation	6,475	.....	9,006	30,938	279,789	321,372
Malibu	3,380	7,114	2,730	17,227	435,753	385,487
Monte Carlo	2,100	5,527	1,508	10,778	325,786	229,459
Chevrolet	3,670	9,132	7,650	23,502	524,074	447,397
Corvette	600	794	998	3,309	48,966	48,568
Oldsmobile Division	10,138	14,605	3,915	48,406	910,252	1,008,249
Starfire	.....	310	.....	1,361	17,548	21,609
Omega/'79-'80	1,132	.....	2,057	6,639	47,279	58,033
Cutlass	4,527	5,765	712	19,825	416,458	509,727
Oldsmobile	3,864	7,224	.....	16,748	400,714	365,328
Toronado	615	1,306	1,146	3,833	28,253	53,552
Pontiac Division	8,642	12,635	8,584	41,417	880,594	731,600
Acadian†	285	267	284	1,011	13,585	17,133
Sunbird	1,980	1,314	3,117	8,012	88,714	105,998
Phoenix/'79-'80	1,686	.....	2,407	8,316	67,951	88,139
Firebird	833	4,266	1,928	9,348	195,377	194,034
LeMans	780	1,997	848	4,314	124,035	88,652
Grand Prix	1,446	1,475	.....	4,837	206,605	93,158
Pontiac	1,632	3,316	.....	5,579	184,327	144,486
VOLKSWAGEN	2,625	2,071	5,085	15,033	40,194	173,192
CHECKER	100	88	95	257	4,225	4,766
Total Cars, U. S.	92,060	155,070	115,094	458,029	9,119,548	8,410,666

TRUCK PRODUCTION IN U. S.†

	Week Ended Jan. 5, 1980	Same Week, 1979	Week Ended Dec. 22, 1979	Dec. Total	1978 Total	1979 Total
CHEVROLET	7,130	21,813	14,790	47,607	1,202,021	991,201
DODGE/PLYMOUTH	2,720	9,780	4,620	13,853	530,565	325,016
FORD	13,074	25,599	19,748	55,276	1,278,552	1,068,294
GMC	2,332	5,608	4,955	16,367	373,783	1,719
INTERNATIONAL	.....	1,778	.....	.....	123,123	116,559*
MACK	370	383	714	1,741	33,114	35,937
WHITE	45	201	199	568	15,714	11,260*
JEEP	1,500*	2,640	2,975*	10,841	180,514	134,624
AM CORP.	272*	388	450*	1,608	19,509	23,934
VOLKSWAGEN	375	.....	776	2,154	.....	2,407
MISCELLANEOUS	900	900	900	3,240	39,204	43,284
Total Trucks, U. S.	28,718	69,090	50,127	153,255	3,796,099	2,754,235

CANADIAN TRUCK PRODUCTION

	Week Ended Jan. 5, 1980	Same Week, 1979	Week Ended Dec. 22, 1979	Dec. Total	1978 Total	1979 Total
CHRYSLER CORP.	.....	1,355	.....	3,241	95,415	60,872
FORD MOTOR	2,640	4,018	4,762	12,786	251,809	215,795
GENERAL MOTORS	3,594	5,365	6,406	18,341	282,816	288,880
AMERICAN MOTORS	636	912	.....	4,427	17,880	51,935
INTERNATIONAL	279	270	151	1,874*	19,769	21,924*
MACK	36	49	90	264	3,508	3,877
WHITE	39	51	86	258	3,490	4,016*
Total Trucks, Canada	7,224	12,020	11,495	41,191	675,687	647,297
N. American Trucks	35,942	81,110	61,622	194,446	4,471,786	3,401,532

Jeep includes commercial vehicles only. AM General includes government-destined vehicles.
**—Revised †—Now includes van production.

CANADIAN CAR PRODUCTION

	Week Ended Jan. 5, 1980	Same Week, 1979	Week Ended Dec. 22, 1979	Dec. Total	1978 Total	1979 Total
CHRYSLER CORP.	1,304	3,465	.....	8,903	160,085	134,083
FORD MOTOR	3,744	6,111	6,237	14,924	372,296	286,400
GENERAL MOTORS	7,056	10,469	11,858	35,176	564,187	558,548
AMERICAN MOTORS	.....	.....	.....	.....	26,283	.....
VOLVO	135	144	225	899	8,199	8,719
Total Cars, Canada	12,239	20,189	18,320	59,902	1,131,050	987,753
N. American Cars	104,299	175,259	133,414	517,931	10,250,598	9,398,419
N. American Trucks	35,942	81,110	61,622	194,446	4,471,786	3,401,532
North American Cars and Trucks	140,241	256,369	195,036	712,377	14,722,384	12,799,951

†—All Acadians are built for sale in Canada. *—Estimated.

Automotive News

Detroit, January 14, 1980

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Now it's official

Ceremony marks Chrysler bill signing

Chrysler Chairman Lee Iacocca bowed in deference to President Carter as the two shook hands at a White House ceremony when Carter signed the Chrysler aid bill. Senator Donald Riegle, Michigan Democrat, and UAW President Douglas Fraser were among the bill's supporters present at the signing. The participants lauded Carter and each other for the work done in the legislative process. Story on Page 2.

Jan. 1 new-car inventory is trimmed by 100,000

By Richard A. Wright
Assistant Managing Editor

The domestic auto industry sliced more than 100,000 units out of its inventory of new cars during December, but because of declining sales it opened the new year with a 75-day supply, heaviest for a Jan. 1 since 1975.

The industry had 1,661,718 new cars in stock Jan. 1, compared with 1,767,097 on Dec. 1, a 75-day supply. A year earlier, the industry had 1,729,221 new cars in stock, a 67-day supply.

On Jan. 1, 1975, in the midst of the most severe recession since the Depression of the '30s, the industry had 1,654,500 new cars in inventory, a 96-day supply at the then-current sales rate.

General Motors' X-body cars continued in very short supply, but other than that gluts were the rule.

GM had a 65-day supply Jan. 1, up from a 63-day supply a month earlier. Lines in heavy supply included the historically hot-selling Camaro, Firebird, Monte Carlo and Grand Prix.

Ford Motor Co. entered 1980 with an 86-day supply, down slightly from 87 days Dec. 1. Ford's heavy stock of Pinto and Bobcat helped balloon the subcompact supply.

Chrysler Corp. sales picked up in the wake of Congress' move to provide financial aid and it had a 113-day supply Jan. 1, down from 128 days a month earlier. But stocks of all lines were heavy, even Omni and Horizon.

American Motors had a 78-day supply, up from 59 days Dec. 1. Eagle stocks were still relatively light.

Volkswagen of America boosted its stockpile to a 42-day supply, compared with a slim 26-day supply on Dec. 1.

The Jan. 1 domestic new-car inventory was divided this way: GM, 52.78 percent; Ford Motor Co., 27.74 percent; Chrysler Corp., 15.49 precent; AMC, 2.69 percent, and VWoA, 1.30 percent.

A month earlier, the new-car inventory was divided as follows: GM, 52.27 percent; Ford Motor Co., 29.09 percent; Chrysler Corp., 14.93 percent; AMC, 2.62 percent, and VWoA, 1.09 percent.

• By size class, subcompacts were in 75½-day supply, compared with 74 days Dec. 1. Compacts were in 65-day stock, little changed from 65½ days a month earlier.

The industry had an 87-day supply of intermediates, up from 78½ days; a 91-day supply of standards, up from 87 days, and a 53-day stock of luxury cars, compared with 52 days a month earlier.

The Jan. 1 inventory was divided this way among the size classes: Subcompact, 16.47 percent; compact, 23.84 percent; intermediate, 32.90 percent;

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NEW-CAR STOCK

New-car days-supply figures, U.S. makes:

	Jan. 1, 1980	Dec. 1, 1979	Jan. 1, 1979
Spirit	98	79	193
Concord	76	54	126
Eagle	57	42	—
Pacer	110½	91	170½
AMERICAN MTRS.	78	59	149
Horizon	93	102	92
Volare	99	118	98
Gran Fury	140	312	—
Plymouth	97	112	96
LeBaron	112	120	86
Cordoba	132	131	112
Chrysler	131	172	104
Chrysler	124	135	98
Omni	89	96	90
Aspen	111	138	111
Diplomat	165	198	110
Mirada/Magnum	164½	175	146
St. Regis	177	226	203
Dodge	119	138	112
CHRYSLER CORP.	113	128	103
Pinto	115	114	113
Mustang	99	96	56
Fairmont	69	72	94
Granada	96	75	87
Thunderbird	88	81	46
Ford	88	110	87
Ford	89	89	78½
Bobcat	105	105	129
Capri	88	88	65
Zephyr	62	67	100
Monarch	77	77	82
Cougar XR-7	92	88	56
Mercury	68	84	76
Mercury	80	82	77
Versailles	71	68	66
Lincoln	94	93	33
Mark V/VI	67	66	40
Lincoln	76	76	39
FORD MOTOR CO.	86	87	75
Skyhawk	168½	128	65
Skylark	14½	9	94
Century	47	50	71
Regal	71½	58	55
LeSabre	79	80	36½
Electra	70	70½	46
Riviera	50	43	23
Buick	57	51½	51
Seville	46	44	43
Cadillac	47	48	21½
Eldorado	31	32	25
Cadillac	44	44½	25
Chevette	49½	54	66
Monza	85	153	60½
Citation/Nova	26	29	97½
Camaro	106	86	26
Malibu	81½	72	81½
Monte Carlo	99½	91	100
Chevrolet	93	94	66
Corvette	48	38	26
Chevrolet	70	69	69½
Starfire	152	108	54
Omega	23	23	107
Cutlass	55	49	54
Supreme	73	60	43
Olds 88	51½	55	21
Olds 98	48	51	29½
Toronado	51	47	25
Oldsmobile	57	53	38
Sunbird	85	80	52
Phoenix	17	23	138
Firebird	105	100	22
LeMans	96	84	70½
Grand Prix	95	91	67
Pontiac	71½	80	44
Pontiac	78	79	53
GENERAL MOTORS	65	63	54
VOLKSWAGEN	42	33	51
TOTAL CARS, U.S.	75	74	67

Unhappy customers have 30 days to return car

Chrysler testing buy-back plan

By Joseph Bohn
Marketing Editor

Chrysler Corp. is launching a test program in the Salt Lake City area today which is the first of its kind in the industry. It has received the strong support of dealers involved.

Essentially, it is a 30-day money-back guarantee to car buyers for a full refund of their purchase price if they don't like the vehicle they bought.

Chrysler is allowing buyers one month, or 1,000 miles of driving, whichever comes first, to take cars back and get the refund. Vehicles cannot be damaged in any way, but the company will allow normal wear and tear.

It will refund not only the full price of the car to a dissatisfied buyer, but also interest on the car loan, taxes, dealer prep charges, licenses fees and the cash value of the customer's trade-in.

Apparently Chrysler is shouldering the costs of cars that come back—but refunding only 5 percent of the car's sticker price to the dealer who is then responsible for selling the returned vehicle.

Some cars can lose as much as 15 or 20 percent in value as soon as they are driven out of the showroom. Thus, there is an element of risk for the dealers involved as well as the factory.

It's a gamble. But Chrysler wants to restore the public's faith in its products. If the incidence of returned vehicles proves low, it could turn out indeed "a revolutionary idea," as some dealers seem to feel it is.

"Everybody's really enthusiastic about it," said Dean Evans, Dean Evans Chrysler-Plymouth, Provo, Utah. He is one of the 21 dealers involved in the test-market program.

"What it does is relieve the anxiety of the buyer if he buys

Continued on Page 33, Col. 4

breaking news

Honda moves toward U.S. car assembly

TOKYO. — A feasibility study concerning the manufacture of Honda cars in the U.S. has entered the final stage, Kiyoshi Kawashima, president of Honda Motor Co., announced here. Observers said the somewhat opaque announcement meant that Honda will begin final negotiations with state and local governments, labor, utilities and suppliers with an eye toward producing cars by 1982. Kawashima indicated that construction could begin on a site adjacent to its Marysville (O). motorcycle plant before the end of this year. Plans call for a plant capable of producing 10,000 cars a month.

A Red bike that goes h-m-m-m-m?

NECKARSULM, West Germany.—Audi NSU's latest report of Wankel licensing activity says China and the Soviet

See BREAKING NEWS, Page 39, Col. 1

Could mean major changes in manufacturer-customer relationships

Pinto trial has vast implications for all industry

By Roger Rowand
Engineering Editor

WINAMAC, Ind. — Developments in the Pinto trial in this little town are being closely watched by those who study the law and its impact on day-to-day business and industrial life.

Ford Motor Co. is standing trial on three counts of reckless homicide, and the outcome of the case will be far-reaching. What happens here—and in appeals that might follow—could change dramatically the way manufacturers meet their customers through their products.

This is the first time a car maker has been charged with a felony—homicide—and the impact of a conviction will go far beyond any dollar penalties ($30,000 maximum) in a judge's sentence. There may be an indelible stain on Ford's reputation.

From that base, there may arise an entirely new approach to product liability, legal authorities agree.

Indiana contends the Number Two auto maker's recklessness was the cause of the deaths of three teen-aged girls in the crash of a 1973 Pinto. The state claims the car was built with flaws in its basic design.

The car was hit in the rear by a fast-moving Chevrolet van as the subcompact Pinto was stopped on a highway. The little Ford burst into flame and the victims were trapped. Two girls died immediately. One lingered for eight hours and was able to offer sketchy facts.

The fiery accident happened

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January 1 domestic stock is heaviest since 1975

Continued from Page 1

standard, 20.94 percent, and luxury, 5.85 percent.

A month earlier, the inventory was divided by size class as follows: Subcompact, 15.37 percent; compact, 23.84 percent; intermediate, 33.17 percent; standard, 21.56 percent, and luxury, 6.06 percent.

The Jan. 1 days-supply figures by market class were:

Subcompact — Rabbit, 42; Chevette, 49½; Monza, 85; Sunbird, 85; Omni, 89; Horizon, 93; Spirit, 98; Bobcat, 105; Pinto, 115; Starfire, 152, and Skylark, 168½.

Compact — Skylark, 14; Phoenix, 17; Omega, 23; Citation, 26; Eagle, 57; Zephyr, 62; Fairmont, 69; Concord, 76; Capri, 88; Volare, 99; Mustang, 99; Firebird, 105; Camaro, 106; Pacer, 110½, and Aspen, 111.

Intermediate — Century, 47; Cutlass, 55; Regal, 71½; Supreme, 73; Monarch, 77; Malibu, 81½; Thunderbird, 88; Cougar XR-7, 92; Grand Prix, 95; LeMans, 96; Granada, 98; Monte Carlo, 99½; LeBaron, 112; LTD II, 115; Cordoba, 132; Mirada, 164½, and Diplomat, 165.

Standard — Olds 98, 48; Olds 88, 51½; Mercury, 68; Electra, 70; Pontiac, 71½; LeSabre, 79; Ford, 88; Chevrolet, 93; Chrysler, 131; Gran Fury, 140, and St. Regis, 177.

Luxury — Eldorado, 31; Seville, 46; Cadillac, 47; Corvette, 48; Riviera, 50; Toronado, 51; Mark VI, 67; Versailles, 71, and Lincoln, 94.

Final new-car tallies for '79

Domestic slide began in March

By Jenny L. King
Staff Writer

What 1979 lacked in new-car sales for U. S. auto makers, it more than made up for in high drama.

As sales began a long and steady decline at the end of March, a gasoline crisis took shape in the form of gas lines and sky-high prices, imports began selling as never before and the balance of power shifted among the Big Three as Chrysler flirted with going out of business.

Domestic new-car sales for 1979 totaled 8,315,622, down 10.66 percent from 9,307,998 in 1978, which was the third best year for the U. S. industry.

Although sales were off, they were well above the 1974-75 slump, when the totals were 7.4 and 7.0 million respectively. Sales showed some signs of strengthening in the last days of the calendar year.

Of the five U. S. auto makers, only the youngest, Volkswagen

Tables on Page 34

of America, reported a sales gain in 1979. VWoA sales jumped to 166,839 from 23,017 as the Westmoreland operation got into high gear. General Motors continued to dominate the market although its sales declined 8.79 percent to 4,911,875 from a record 5,385,282.

Ford Motor Co. and Chrysler Corp. suffered substantial sales reversals in 1979. Ford sales slipped 17.43 percent to 2,132,644 from 2,582,702, while Chrysler was down 17.80 percent to 942,207 from 1,146,2[illegible]. American Motors reported strong sales during the last quarter, braking its skid to a 5.08 percent decline. AMC sales totaled 162,057 compared with 170,739 a year ago.

At the expense of Ford and Chrysler, GM increased its share of the domestic market to 59.07 percent, up from 57.86 percent. GM earned over 60 percent of the domestic market 14 sales periods in 1979. Ford sales accounted for 25.64 percent, down from 27.75 percent. Chrysler's share of the 1979 market was 11.33 percent, down from 12.31 percent.

American Motors increased its market share to 1.95 percent from 1.83 percent, and VWoA climbed to 2.01 percent from 0.25 percent in 1978.

The 1979 domestic market class profile showed subcompacts at 16.46 percent, compacts at 26.73 percent, intermediates at 30.44 percent, standard-size at 19.37 percent and luxury models at 7.00 percent.

The five division records set in 1978 remained untouched as every make was down except VW's Rabbit. The greatest drop was Lincoln's 30.36 percent, a

Continued on Page 34, Col. 1

U.S. sales dip in '79 despite import record

Total new-car sales for calendar year 1979 were 10,641,099, down 5.86 percent from 11,303,909 in 1978. Record import sales cushioned the 10 percent domestic drop and increased the small-car share of the market to 55 percent from 49 percent the preceding year.

Imports increased their share of the market to a dizzying 21.85 percent with nine companies reporting biggest sales years ever. General Motors and American Motors suffered the smaller declines among the domestic new-car makers, while Volkswagen of America sales were up sevenfold.

Where auto market was in 1979

	Total Sales	Pct. of Total
SUBCOMPACT	1,358,469	12.86
COMPACT	2,222,841	20.89
INTERMEDIATE	2,531,585	23.79
STANDARD	1,610,544	15.14
LUXURY	582,183	5.47
IMPORT	2,325,477	21.85
TOTAL	10,641,099	100.00

Imports gather year-end steam

By Richard A. Wright
Assistant Managing Editor

There is no question that 1979 was the year of the import, and sales of new imported cars closed the year more strongly than they began it.

The total of 2,325,477 new imported-car sales in 1980 was up 16.51 percent from 1,995,911 in 1978, and far surpassed the previous record of 2,071,100 set in 1977.

In rolling up the record-smashing year, import sales set a monthly mark in every month except January, and over one-third of the reporting nameplates—including the five top sellers—had their biggest sales years since entering the U. S. market.

December sales totaled a record 171,257, up a whopping 38.85 percent from 123,342 a year earlier. The previous December record was 149,500, set in 1977.

Import penetration of total U. S. sales for the year was 21.85 percent, up sharply from 16.04 percent in 1978.

Import penetration in December was 23.61 percent, second highest for any month in history, trailing only May, 1979, when imports accounted for 24.27 percent of the U. S. market. A year earlier, imports took 16.04 percent of the December total.

• Nine of the 26 reporting import nameplates posted their biggest sales years ever, including the five biggest sellers, Toyota, Datsun, Honda, Mazda and Subaru.

The Japanese makes achieved almost total hegemony in the U. S. import market as Volkswagen became during the year a largely domestic maker and dropped into sixth place.

Other nameplates which set records in 1979 were Arrow, BMW, Fiesta and Mercedes-Benz.

The roster of reporting nameplates was down by one in 1979 as the European-built Capri

Continued on Page 34, Col. 1

But rate of increase slows a bit

Service business gains for month

By Francis J. Gawronski
Service Editor

Service and parts business in the nation's new-car dealerships continued to show strength in November, but the rate of growth declined somewhat from that achieved the previous month.

According to the AUTOMOTIVE NEWS Service Index, dealers' shop volume in November amounted to 106.2 percent of that recorded in the same month in 1978.

In October, dealers' service and parts business had been 109.5 percent of the volume for the same month a year earlier.

Four of the five indicators used in the Service Index made impressive gains in November.

For the seventh consecutive month, repair orders written failed to show a gain. This indicator was down 3.5 percent in November.

The indicator showing the biggest gain in November was shop parts sales (those used in the dealer's shop on customer-paid and warranty jobs). This activity advanced 11.7 percent above similar sales a year ago.

• Total labor sales—both customer-paid and warranty—finished second, climbing 9.6 percent above the year-earlier total.

Sales of all parts and accessories advanced 7.1 percent above the sales in the same month a year ago, while gross profit on all labor, parts and P&A sales—the most vital indicator from the dealers' viewpoint—was up 6.4 percent.

Figures used in the Service Index are averages compiled from reports on shop operations from a cross-section of the nation's new-car dealerships.

For the 11-month period of 1979, shop business amounted to 108.7 percent of the business done in the comparable period of 1978.

The leading indicator for the January-November period was labor sales, up 13.4 percent, followed by sales of all parts and accessories, up 11.5 percent.

Shop parts sales climbed 10.9 percent in the period, while gross profit advanced 9.9 percent. Repair orders written declined 3.0 percent during the period.

SERVICE INDEX 106.2*

	Nov. '79 vs Nov. '78	11 mos. '79 vs 11 mos. '78
Gross Profit on All Labor and P&A Sales	+ 6.4%	+ 9.9%
Repair Orders Written	— 3.5%	— 3.0%
Total Labor Sales (Customer & Warranty)	+ 9.6%	+13.4%
Shop Parts Sales (Customer & Warranty)	+11.7%	+10.9%
Sales of All P&A	+ 7.1%	+11.5%

*—Survey by Automotive News shows that dealers' service and parts business in Nov. 1979 was 106.2 percent of business in Nov. 1978. Service business in the 11 months of 1979 was 108.7 percent of business in the corresponding period in 1978.